Message Text

CONFIDENTIAL

PAGE 01 ISLAMA 11321 01 OF 03 041236Z

47

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 IO-10 AEC-05 ACDA-05 EB-07 AID-05

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TO SECSTATE WASHDC 7855

INFO AMEMBASSY ABU DHABI

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMCONSUL HONG KONG

AMEMBASSY JIDDA

AMEMBASSY KABUL

AMCONSUL KARACHI

AMEMBASSY KATHMANDU

AMCONSUL LAHORE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

USLO PEKING

CINCPAC

CONFIDENTIAL SECTION 01 OF 03 ISLAMABAD 11321

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: PFOR, PK

SUBJ: PAKISTAN'S FOREIGN RELATIONS--QUARTERLY ASSESSMENT

SUMMARY: DURING THE PAST THREE MONTHS THERE HAS BEEN A PERCEPTIBLE LESSENING OF THE TENSION AND UNEASINESS WHICH HAD CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ISLAMA 11321 01 OF 03 041236Z

CHARACTERIZED CERTAIN IMPORTANT ASPECTS OF PAKISTAN'S FOREIGN

RELATIONS EARLIER IN THE YEAR. THE SIMLA PROCESS, INTERRUPTED BY INDIA'S PEACEFUL NUCLEAR EXPLOSION IN MAY, RESUMED ITS FORWARD PROGRESS. TIES WITH AFGHANISTAN REMAIN STRAINED, BUT THE EARLIER DETERIORATION WHICH HAD LED SOME TO FEAR IMMINENT ARMED CLASHES HAS SEEMINGLY BEEN STEMMED AND BOTH SIDES NOW SEEM DETERMNED TO AVOID OPEN CONFLICT. RELATIONS WITH ANOTHER SOUTH ASIAN STATE, BANGLADESH, REMAIN ON DEAD CENTER, HOWEVER. PAKISTAN'S RELATIONS WITH IRAN APPEAR TO HAVE STABILIZED.

THE IMPORTANT ADVANCES SCORED ON THE PATH OF NORMALIZATION OF INDO-PAK RELATIONS SHOULD NOT OBSCURE THE CONTINUING EXISTENCE OF DEEP PAK SUSPICIONS OF INDIAN INTENTIONS IN THE SUBCONTINENT OR THE UNLIKELIHOOD, BARRING A PRESENTLY UNFORESEEN SUBSTANTIAL CHANGE IN THE POLITICAL CLIMATE HERE, THAT THESE FORWARD STEPS WILL LEAD TO A FORMAL SOLUTION OF WHAT THE GOP REGARDS AS ITS BASIC OUTSTANDING PROBLEM WITH INDIA, THE DISPUTE OVER KASHMIR. WHETHER THEY WILL PRODUCE A RESTORATION OF DIPLOMATIC RELATIONS IS SEEN, IN PAKISTAN, AS A MATTER FOR THE INDIANS TO DECIDE. PROSPECTS FOR AN IMPROVEMENT IN RELATIONS WITH AFGHANISTAN ARE DIFFICULT TO FORECAST; THE KEY WOULD APPEAR TO LIE IN KABUL RATHER THAN IN ISLAMABAD.

DESPITE MANY COMINGS AND GOINGS, INCLUDING A VISIT BY BHUTTO TO MOSCOW AND BY SECRETARY KISSINGER TO ISLAMABAD, THERE WAS LITTLE CHANGE OF ANY FUNDAMENTAL NATURE IN PAKISTAN'S RELATIONS WITH THE MAJOR POWERS. ALTHOUGH THEY WERE SATISFIED BY THEIR MOSCOW TALKS, THE PAKS REMAIN VERY WARY OF SOVIET INTENTIONS IN THE AREA AND THERE IS NO EVIDENCE THAT THE USSR HAS CHANGED ITS BASICALLY PRO-INDIAN APPROACH TO THE SUBCONTINENT. THE SECRETARY'S VISIT HERE LATER IN OCTOBER WENT WELL, BUT LEFT UNRESOLVED OUR ONLY MAJOR BILATERAL PROBLEM WITH THE GOP, THE ISSUE OF US SOUTH ASIAN MILITARY SUPPLY POLICY. THIS ISSUE, UNLESS SUCCESSFULLY RESOLVED, WILL BECOME AN INCREASINGLY DIFFICULT POLITICAL PROBLEM FOR BHUTTO TO HANDLE. PAK RELATIONS WITH PEKING REMAINED WARM. END SUMMARY.

1. DURING THE PAST THREE MONTHS THERE HAS BEEN A PERCEPTIBLE LESSENING OF THE TENSION AND UNEASINESS WHICH HAD CHARACTERIZED CERTAIN IMPORTANT ASPECTS OF PAKISTAN'S FOREIGN RELATIONS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ISLAMA 11321 01 OF 03 041236Z

EARLIER IN THE YEAR. THIS SENSE OF RELAXATION WAS PARTICULARLY NOTABLE IN PAKISTAN'S TIES WITH INDIA, THE KEY INDICATOR OF OVERALL CLIMATE, BUT IT WAS ALSO EVIDENT, IF TO A LESSER DEGREE, IN THE SIGNIFICANT AREA OF PAK-AFGHAN RELATIONS. PAK APPREHENSIONS OF DANGEROUS AND PURPOSEFUL COLLUSION BETWEEN THESE TWO STATES RECEDED MARKEDLY IN THE COURSE OF THE QUARTER.

2. INDIA. THE SIMLA PROCESS, INTERRUPTED BY PAKISTAN

FOLLOWING INDIA'S NUCLEAR EXPLOSION IN MAY, RESUMED ITS FORWARD PROGRESS IN SEPTEMBER WITH THE SUCCESSFUL COMPLETION OF NEGOTIATIONS ON THE RESUMPTION OF COMMUNICATIONS LINKS AND THE EASING OF TRAVEL ARRANGEMENTS BETWEEN THE TWO SUBCONTINENTAL NEIGHBORS. ALTHOUGH KNOTTY LEGAL AND POLITICAL PROBLEMS STEMMING FROM THE HIJACKING OF AN INDIAN COMMERCIAL AIRLINER IN 1971 OBSTRUCTED ADVANCE ON THE NEXT ITEM OF THE SIMLA AGENDA, THE RESUMPTION OF CIVIL OVERFLIGHTS AND AIR LINKS, BOTH SIDES MADE IT CLEAR THAT THEIR INABILITY TO ACHIEVE A BREAKTHROUGH IN THE MID-NOVEMBER NEGOTIATIONS ON THIS ISSUE WOULD NOT DELAY PROGRESS TOWARD NORMALIZATION IN OTHER AREAS. THEIR SUCCESS IN AGREEING THE FOLLOWING WEEK TO LIFT THE NINE-YEAR TRADE EMBARGO BETWEEN THEM SERVED TO CONFIRM THESE GOOD INTENTIONS.

3. ALTHOUGH THE RESUMPTION OF THE SIMLA PROCESS IS A SOURCE OF CONSIDERABLE GRATIFICATION TO THE US--BOTH THE GOI AND THE GOP WERE AGAIN REMINDED OF THIS BY THE SECRETARY DURING HIS SUBCONTINENTAL VISIT IN LATE OCTOBER--IT IS UNLIKELY, BARRING A PRESENTLY UNFORESEEN CHANGE OF SUBSTANTIAL PROPORTIONS IN THE POLITICAL CLIMATE HERE, TO LEAD TO A FORMAL SOLUTION OF WHAT THE PAKS REGARD AS THEIR BASIC OUTSTANDING PROBLEM WITH INDIA, THE DISPUTE OVER KASHMIR. RESPONSIBLE GOP OFFICIALS EXPRESS DOUBT THAT THE PROGRESS ALREADY MADE CAN BUILD UP SUFFICIENT MOMENTUM TO BRING ABOUT AN AGREEMENT, NOR IS THERE ANY EVIDENCE THAT PRIME MINISTER BHUTTO IS SEEKING TO EDUCATE PAKISTAN TO ACCEPT THE HARD POLITICAL REALITIES WHICH SUCH A SETTLEMENT COULD ENTAIL. THE PAKS THEMSELVES SEEM TO LOOK ON EACH SUCCESSIVE STEP IN THE SIMLA PROCESS LARGELY AS AN END IN ITSELF, TO BE MEASURED IN TERMS OF CONCRETE ADVANTAGE TO THEM.RATHER THAN AS A SERIES WHICH WILL CULMINATE IN A TRUE RECONCILIATION WITH INDIA.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 ISLAMA 11321 01 OF 03 041236Z

4. ALTHOUG PROGRESS ON THE SIMLA ROAD HAS PROBABLY HELPED SOMEWHAT IN REDUCING PAK SUSPICIONS ABOUT INDIAN INTENTIONS IN THE SUBCONTINENT, THESE REMAIN SUBSTANTIAL. THEY WERE HEIGHTENED IN SEPTEMBER BY GOI MOVES IN SIKKIM, WHICH THE PAKS REGARDED AS FRESH EVIDENCE OF INDIAN HEGEMOISC DESIGN AND OF THE GOI'S INSENSITIVITY TO THE FEELINGS OF SMALLER NEIGHBORS. GOP APPREHENSIONS ABOUT INDIA'S NUCLEAR POTENTIAL, WHICH HAD EARLIER PROMPTED IT TO LAUNCH A DIPLOMATIC OFFENSIVE AMONG THE MAJOR POWERS TO OBTAIN NUCLEAR GUARANTEES, DISCOURAGE GOI DEVELOPMENT OF NUCLEAR WEAPONS, AND IMPROVE PAK MILITARY DETERRENT CAPABILITIES, LED PAKISTAN TO FURTHER VIGOROUS ACTION AT THE UNGA. THE GOP DEVOTED MUCH TIME AND TALENT TO PUSHING RESOLUTIONS THERE CALLING FOR A SOUTH ASIAN NUCLEAR FREE ZONE AND ENHANCED ASSURANCES FOR NON-NUCLEAR NATIONS. THE RESULTS WERE VIEWED IN PAKISTAN WITH CONSIDERABLE SATIS-

FACTION, THOUGH THE PAKS ARE CERTAINLY AWARE THAT INDIA IS UNLIKELY TO FORESWEAR ITS NUCLEAR WEAPON OPTION WHATEVER DIPLOMATIC SUCCESSES THE GOP MAY HAVE ACHIEVED IN NEW YORK.

5. AFGHANISTAN. PAK-AFGHAN RELATIONS REMAIN STRAINED, BUT THE DETERIORATION WHICH HAD LED IN SOME QUARTERS TO APPREHENSION OF ARMED CLASHES HAS SEEMINGLY BEEN STEMMED AND BOTH SIDES NOW SEEM DETERMINED TO AVOID OPEN CONFLICT. ALTHOUGH FUNDAMENTAL DIFFERENCES REMAINED BETWEEN A GOA COMMITED TO SELF-DETERMINATION FOR PUSHTU AND BALUCH AREAS WITHIN PAKISTAN AND A GOP ENGAGED IN EFFORTS TO BRING THE TRIBALS OF THESE BORDER AREAS INTO THE MAINSTREAM OF PAKISTAN ECONOMIC, SOCIAL AND POLITICAL LIFE, THE LEVEL OF INVECTIVE ON THE PART OF RESPONSIBLE LEADERS ON BOTH SIDES HAD DIMINISHED SOMEWHAT BY

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 ISLAMA 11321 02 OF 03 041330Z

47

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

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AMCONSUL KARACHI

AMEMBASSY KATHMANDU

AMCONSUL LAHORE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN RUESNG /USLO PEKING 102 CINCPAC

CONFIDENTIAL SECTION 2 OF 3 ISLAMABAD 11321

THE END OF THE QUARTER. BUT PROPAGANDA CONTINUED WITHOUT APPRECIABLE LET UP--EACH SIDE HAS NOW TURNED TO ACCUSING THE OTHER OF PROMPTING AN EXIT OF REFUGEES--AND THE PAKS FOR THEIR PART REPORTED FRESH EVIDENCE OF GOA INVOLVEMENT IN VIOLENT INCIDENTS BOTH IN THE FRONTIER AREAS AND OUTSIDE "PAKHTUNISTAN" AND OF CONTINUING COLLUSION BETWEEN THE AFGHANS AND THE NORTH WEST FRONTIER-AND BALUCHISTAN-BASED OPPOSITION NATIONAL AWAMI PARTY.

CONFIDENTIAL

PAGE 02 ISLAMA 11321 02 OF 03 041330Z

6. IN APPRAISING THEIR RELATIONSHIP WITH AFGHANISTAN, THE PAKS MAINTAIN THAT THEY WILL BE SATISFIED WITH SOMETHING LESS THAN FORMAL GOA ABANDONMENT OF ITS PAKHTUNISTAN DEMANDS AND SAY THAT THEY WOULD HAVE NO PROBLEM WITH AN ARRANGEMENT UNDER WHICH THE AFGHANS WOULD TONE DOWN THEIR ACTIVITY IN SUPPORT OF THESE CLAIMS TO THE LEVEL WHICH PREVAILED BEFORE THE REPUBLICAN COUP LAST YEAR. THEY STATE THAT THEY ARE PREPARED TO ENTER INTO DISCUSSIONS WITH THE AFGHANS ON ECONOMIC COOPERATION AND ON OTHER ISSUES APART FROM THE PAKHTUNISTAN CLAIM, WHICH THEY REGARD AS A CALL FOR THE DISMEMBERMENT OF PAKISTAN HOWEVER IT MAY BE INTERPRETED BY KABUL. ALTHOUGH THE SECURITY AND POLITICAL SITUATIONS IN BALUCHISTAN HAVE IMPROVED AND THE IRANIANS HAVE APPARENTLY NOW MADE IT CLEAR TO THE GOA THAT THEY DO NOT LOOK KINDLY ON AFGHAN EFFORTS TO INTERNATIONALIZE THE INSURGENCY IN THAT PROVINCE, TWO DEVELOPMENTS WHICH HAVE BOLSTERED PAK SELF-CONFIDENCE IN HANDLING THE PAKHTUNISTAN PROBLEM, THE GOP CONTINUES TO VIEW THE AFGHANS WITH DEEP SUSPICION. THEY ARE PARTICULARLY CONCERNED WITH THE IMPLICATIONS OF WHAT THEY BELIEVE IS A MASSIVE BUILDUP BY THE SOVIETS OF AFGHAN ARMORED STRENGTH, AND CALLED THIS TO OUR ATTENTION DURING THE SECRETARY'S VISIT.

7. BANGLADESH. RELATIONS BETWEEN PAKISTAN AND AOTHER SOUTH ASIAN NATION, BANGLADESH, REMAIN ON DEAD CENTER. THE TWO COUNTRIES REMAIN AS FAR APART AS THEY DID WHEN TALKS BETWEEN BHUTTO AND BD PRIME MINISTER MUJIB ABORTED IN JUNE. TWO CONTENTIOUS ISSUES, THE DIVISION OF PRE-1971 ASSETS AND LIABILITIES AND THE FURTHER REPATRIATION OF BIHARIS TO PAKISTAN, REMAIN THE STUMBLING BLOCKS TO FURTHER PROGRESS TOWARD NORMALIZATION. BOTH SIDES APPEAR TO FEEL THAT THE FIRST MOVE TO GET MATTERS OFF THE DIME RESTS WITH THE OTHER. THE PAKS, FOR THEIR PART, SEEM TO TAKE A RELAXED VIEW OF THE IMPASSE. THEY APPEAR TO HAVE CONCLUDED THAT BD IN ITS PRESENT PARLOUS STATE NEEDS THEM

MORE THAN THEY NEED BD, AND THEY APPARENTLY DO NOT FEEL UNDER ANY SIGNIFICANT INTERNATIONAL OR DOMESTIC PRESSURE TO PROCEED FURTHER AT THIS TIME. THE ESTABLISHMENT OF DIPLOMATIC RELATIONS AND THE RESTORATION OF TRADE TIES ARE NOT SUFFICIENTLY ATTRACTIVE ENDS TO INDUCE PAKISTAN TO MOVE IN THE ABSENCE OF WORD FROM DACCA OF A SIGNIFICANT MODIFICATION IN THE BDG POSITION.

CONFIDENTIAL.

CONFIDENTIAL

PAGE 03 ISLAMA 11321 02 OF 03 041330Z

8. IRAN. PAKISTAN'S RELATIONS WITH IRAN APPEAR TO HAVE STABILIZED. THE PAKS HAVE NOW LEARNED TO LIVE WITH THE SHAH'S MORE EVEN-HANDED POLICY IN SOUTH ASIA, HOWEVER MUCH THEY MAY REGRET THE PASSING OF WHAT FOR THEM WERE THE GOOD OLD DAYS OF IRAN'S PRO-PAKISTAN STANCE. IRAN'S FRIENDSHIP, EVEN ON THE REDUCED SCALE IT IS NOW OFFERED, CONTINUES TO MEAN A GREAT

DEAL TO PAKISTAN IN SEVERAL AREAS, PARTICULARLY IN ECONOMIC ASSISTANCE AND SUPPORT FOR THE GOP'S EFFORTS TO QUELL THE BALUCHISTAN INSURGENCY. ON THE LATTER FRONT, THE PAKS HAVE BEEN GRATIFIED BY THE SHAH'S DIPLOMATIC EFFORTS TO DETER THE AFGHANS AND COOL THE SITUATION(A SENIOR IRANIAN OFFICIAL WAS SENT TO KABUL AND ISLAMABAD WITH THESE ENDS IN VIEW) AND BY AN IRANIAN LOAN OF HELICOPTERS. PAK PARTICIPATION IN THE CENTO NAVAL EXERCISE MIDLINK 74 ALSO REINFORCED CONTACTS BETWEEN THE TWO COUNTRIS (AND STRENGTHENED MILITARY TIES WITH PAKISTAN'S OTHER CENTO PARTNERS), AS DID BHUTTO'S BRIEF STOPOVER IN TEHRAN FOLLOWING HIS OCTOBER VISIT TO MOSCOW. ALTHOUGH THERE IS SOME EVIDENCE OF MILD PAK ANNOYANCE WITH SOME OF THE SHAH'S MORE IMPERIAL REGIONAL PRETENSIONS, THE GOP AND THE PAK PRESS ARE CAREFUL TO AVOID ANY PUBLIC EXPRESSION OF THIS AND TO DESIST FROM ANY QUESTIONING OF IRANIAN POLITICAL AND ECONOMIC INITIATIVES. THEY ARE FULLY AWARE OF THE SHAH'S SUSCEPTIBILITIES AND HAVE DOUBTLESS CONCLUDED THAT THEY HAVE NOTHING TO GAIN AND MUCH TO LOSE IN THE SURFACING OF SUCH MISGIVINGS.

9. THE MAJOR POWERS: THE UNITED STATES. THERE WASMUCH
COMING AND GOING INVOLVING PAKISTAN'S RELATIONS WITH THE
MAJOR POWERS, BUT LITTLE CHANGE OF ANY FUNDAMENTAL NATURE
TOOK PLACE. SECRETARY KISSINGER'S VISIT TO THE SUBCONTINENT,
BILLED PRIMARILY IN TERMS OF IMPROVING INDO-US RELATIONS, HAD
CAUSED SOME ADVANCE APPREHENSION IN PAKISTAN. IT WAS FEARED
THAT IN HIS EFFORTS TO BRING ABOUT CLOSER TIES WITH NEW DELHI,
THE SECRETARY WOULD SACRIFICE THE INTERESTS OF THE GOP.
THESE APPREHENSIONS WERE NOT REALIZED, AND THE TALKS HELD HERE
SUBSEQUENTLY, CARRIED OUT IN THE CANDID, INFORMAL MANNER WHICH
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CONFIDENTIAL

PAGE 04 ISLAMA 11321 02 OF 03 041330Z

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BHUTTO MEETINGS, WENT WELL.

THE PAKS WERE PARTICULARLY PLEASED BY THE SECRETARY'S RENEWED EXPRESSION OF SUPPORT FOR PAKISTAN'S INTEGRITY AND SECURITY AND FOR PRESIDENT FORD'S INVITATION TO BHUTTO TO VISIT WASHINGTON EARLY IN 1975.

10. THE TALKS STILL LEFT UNSETTLED THE ONLY MAJOR PROBLEM IN BILATERAL US-PAK RELATIONS, THE ISSUE OF US ARMS SUPPLY POLICY IN SOUTH ASIAA. RESPONSIBLE GOP LEADERS, IF NOT THE BROADER PUBLIC, WERE SUFFICIENTLY SOPHISTICATED TO RECOGNIZE THAT THE SECRETARY WOULD BE UNABLE TO AGREE TO THE CHANGES PAKISTAN HAS PUBLICLY SOUGHT (I.E. THE LIFTING OF THE EMBARGO ON THE SHIPMENT OF LETHAL WEAPONS) A MERE 24 HOURS AFTER HE HAD LEFT NEW DELHI, AND BHUTTO SPOKE UP FORCEFULLY IN AN EFFORT TO ALLAY THE GENERAL SENSE OF DISAPPOINTMENT WHICH HE WAS AWARE WOULD NONETHELESS FOLLOW THE ABSENCE OF ANY REFERENCE TO THE MATTER IN THE JOINT US-PAK STATEMENT. BUT HOWEVER SUCCESSFUL THE PRIME MINISTER MAY HAVE BEEN IN THIS EFFORT, IT IS CLEAR THAT PAK PATIENCE ON THIS LONG-STANDING

NOTE BY OC/T: SECTION 2 OF 3 ISLAMABAD 11321 PARA 9 # GARBLED. CORRECTION TO FOLLOW.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ISLAMA 11321 03 OF 03 041458Z

47

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

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AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

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CONFIDENTIAL SECTION 03 OF 03 ISLAMABAD 11321

PROBLEM IS GROWING INCREASINGLY THIN AND THAT THE MATTER, UNLESS SUCCESSFULLY RESOLVED. WILL BECOME A MORE AND MORE DIFFICULT POLITICAL ISSUE FOR BHUTTO TO HANDLE.

11. THE USSR. BHUTTO'S TWICE-POSTPONED VISIT TO THE SOVIET UNION TOOK PLACE ON THE EVE OF THE SECRETARY'S TRIP TO ISLAMABAD. THE PAKS WERE PLEASED BY THE WARM RECEPTION THE SOVIETS GAVE THEM AND FOUND EVIDENCE THAT THE USSR WAS PREPARED FOR THE CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ISLAMA 11321 03 OF 03 041458Z

MOMENT TO ADOPT A MORE EVEN-HANDED APPROACH TO SOME OF THEIR PROBLEMS, PARTICULARLY THOSE THEY HAVE WITH AFGHANISTAN AND BANGLADESH. BUT THE PAKS ARE UNDER NO ILLUSIONS THAT THE VISIT WILL LEADE TO ANY FUNDAMENTAL REORDERING IN THE SOVIETS' BASICALLY PRO-INDIAN VIEW OF SOUTH ASIA. THEY REMAIN VERY WARY OF USSR INTENTIONS IN THE AREA, AND DO NOT RULE OUT FURTHER SOVIET FISHING IN TROUBLED SUBCONTINENTAL WASTERS--TO PAKISTAN'S DETRIMENT--SHOULD IT SUIT MOSCOW'S PURPOSES TO DO SO.

12. CHINA. IN THEIR DISCUSSIONS IN MOSCOW, THE PAKS WERE CAREFUL TO STRESS THAT ANY IMPROVEMENT IN THEIR RELATIONS WITH THE USSR COULD NOT COME AT THE EXPENSE OF THEIR TIES WITH CHINA. THESE REMAIN VERY CLOSE, AND THE EXCHANGE OF OFFICIAL AND SEMI-OFFICIAL DELEGATIONS PRAISING EACH OTHER'S COUNTRY IS STANDARD FARE. IN A CRUCIAL UNITED NATIONS TEST, PAKISTAN WITHSTOOD STRONG PRESSURE FROM THE US AND THE ASEAN NATIONS AND SUPPORTED THE CHINESE POSITION ON KHMER RECOGNITION, THOUGH IT DID NOT TAKE A LEAD IN THIS EFFORT. (THE PAKS EXPLAINED TO US THAT IN TERMS OF THEIR RELATIONS

WITH THE PRC THEY WOULD NOT AFFORD TO DO OTHERWISE.) THE PAKS

HAILED THE SHARP PRC REACTION TO INDIA'S MOVE IN SIKKIM,

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RELATIONS ELSEWHERE IN SOUTH ASIA, THE PAKS ARE SATISFIED WITH CHINESE ASSURANCES THAT THE VISIT OF AFGHAN LEADERS TO THE PRCE THIS MONTH WILL NOT BE TO PAKISTAN'S DISADVANTAGE AND SEEM TO HAVE NO PROBLEM WITH THE POSSIBILITY THAT PEKING MAY ESTABLISH DIPLOMATIC RELATIONS WITH BANGLADESH BEFORE THE IMPASSE BETWEEN PAKISTAN AND DACCA IS RESOLVED.

13. THIRD WORLD AND MUSLIM NATIONS. WHILE PROFESSING ITSELF A MODERATE AND EXPRESSING PRIVATE CONSTERNATION AT THE STEAMROLLER TACTICS OF THE "NON-ALIGNED" BLOC IN THE UNGA, THE PAKS ORDINARILY VOTE WITH THAT GROUP. IN FURTHERANCE OF THEIR EFFORTS TO GAIN RECOBNITION AS A LEADER OF THE ISLAMIC WORLD, THEY HAVE TAKEN STRONG STANDS ON V FKRMVJCGHNPHIBF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ISLAMA 11321 03 OF 03 041458Z

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REASONS WHY HE COULD NOT ACCEPT AN INVITAT-

ION TO BE PRESENT

AT THE UNGA FOR YASSER ARAFAT'S APPEARANCE THERE. PAK-ARAB MILITARY RELATIONS REMAIN CLOSE, TO THE EXTENT THAT THERE IS SOME APPREHENSION IN ISLAMABAD THAT THE DRAIN OF PAF PILOTS SECONDED TO THE MIDEAST PLACES A STRAIN ON PAKISTAN'S OWN AIR DEFENSE CAPABILITIES. (THIS POSSIBLE STRAIN IS BALANCED BY THE OBVIOUS POLITICAL AND FOREIGN EXCHANGE GAINS INVOLVED, AND BY THE EXPECTATION THAT THE PAKS WILL BE ABLE TO RECALL THEIR PILOTS, POSSIBLY WITH THEIR ARAB PLANES, IN EVENT OF NEED.) THE PAKS CONTINUE THEIR PURSUIT OF FUNDS FROM THE OIL-RICH ARAB STATES, AND THOUGH NO NEW CREDITS OR GRANTS HAVE BEEN PUBLICLY ANNOUNCED IN THE PAST FEW MONTHS THERE ARE REPORTS THAT THE SAUDIS HAVE RECENTLY AGREED TO PROVIDE FURTHER LARGE SUMS. AS FAR AS WE ARE AWARE, THE PAKS HAVE NOT BEEN SUCCESSFUL IN GETTING CONCESSIONAL TERMS FOR THEIR PETROLEUM NEEDS, HOEVER.

14. PROGNOSIS. RELATIONS WITH INDIA AND AFGHANISTAN WILL CONTINUE TO BE KEY AREAS TO WATCH IN THE COMING MONTHS. NO

FURTHER TALKS AT THE POLITICAL LEVEL BETWEEN THE GOP AND THE GOI ARE PRESENTLY IN THE CARDS, THOUGH EXPERTS' DISCUSSIONS ON IMPLEMENTATION OF THE DECISION TO LIFT THE TRADE EMBARGO ARE DUE IN JANUARY. THE PAKS ARE TAKING A RELAXED ATTITUDE TOWARD THE FAILURE OF THE NOVEMBER CIVIL AVIATION TALKS AND PROFESS TO CONSIDER THE MATTER OF LIMITED SIGNIFICANCE; THEY WILL BE PLEASANTLY SURPRISED IF ANY BREAKTHROUGH IS ACHIEVED IN THE NEXT FEW MONTHS. THEY REMAIN CONCERNED ABOUT THE IMPACT OF A SETTLEMENT BETWEEN GOI AND SHEIKH ABDULLAH ON THE NORMALIZATION PROCESS, BUT MAINTAIN THAT THE "TENSION" WHICH THIS WILL CREATE WILL NOT ENDANGER PROGRESS ALREADY MADE. THE DECISION ON THE RESTORATION OF DIPLOMATIC RELATIONS APPEARS TO REST AT THIS TIME WITH THE INDIANS. THE PAKISTANIS HAVE DETERMINED NOT TO PRESS FURTHER ON THE ISSUE, PROBABLY CONFIDENTIAL

CONFIDENTIAL

PAGE 04 ISLAMA 11321 03 OF 03 041458Z

BECAUSE THEY MAY CONSIDER THAT THIS WOULD BE VIEWED AS A BARGAINING COUNTER BY THE GOI . PAK INTEREST IN AN EXCHANGE OF PERMANENT MISSIONS COULD WANE, OF COURSE, WERE AN ABDULLAHINDIA AGREEMENT OR OTHER DEVELOPMENTS TO PRODUCE A SIGNIFICANT CHANGE IN THE POLITICAL CLIMATE.

15. THE IMMEDIATE FUTURE COURSE OF RELATIONS WITH AFGHANISTAN IS DIFFICULT TO FORECASE. FROM OUR VIEWPOINT, THE KEY WOULD APPEAR TO LIE IN KABUL RATHER THAN IN ISLAMABAD. PROSPECTS FOR THE ESTABLISHMENT OF A SATISFACTORY MODUS VIVENDI IF NOT FOR A REAL RECONCILIATION SEEM BETTER NOW THAN THEY WERE THREE MONTHS AGO.

16. NO SIGNIFICANT CHANGES CAN BE FORESEEN IN PAKISTAN'S RELATIONS WITH CHINA OR THE SOVIET UNION OVER THE NEXT FEW MONTHS. THE COURSE OF US-PAK RELATIONS WILL BE SIGNIFICANTLY AFFECTED BY WASHINGTN'S DECISION ON THE ARMS SUPPLY ISSUE. BYROADE

NOTE BY OC/T: SECTION 3 OF 3 ISLAMABAD 11321 PARAS 12 AND 12 # AS RECEIVED. CORRECTION TO FOLLOW.

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Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN

Subject: PAKISTAN'S FOREIGN RELATIONS--QUARTERLY ASSESSMENT SUMMARY: DURING THE PAST THREE MONTHS THERE HAS BEEN

TAGS: PFOR, PK To: STATE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005